



## **Asia Floor Wage Alliance**

### **Asia Floor Wage Alliance Demands Brand Accountability As US Tariffs Threaten Millions Of Garment Sector Workers**

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Asia Floor Wage Alliance (AFWA), a coalition of trade unions representing garment workers across Asia, stands united against trade policies that threaten workers' interests and deepen global inequality. The U.S. government's recent imposition of tariffs on apparel imports from Asia endanger the livelihoods of millions of garment workers, predominantly women already earning poverty-level wages.

The imposition of tariffs risks triggering a humanitarian crisis on the scale of the COVID-19 pandemic – when global brands walked away from their responsibilities – unleashing mass layoffs, factory closures, and widespread wage theft, and intensification of gender-based violence and harassment. The cost of geopolitical maneuvers will be borne by garment workers – the majority of whom are women – who will face unemployment and deepening poverty. All while brands continue to prioritize profit over people.

"Tariffs cannot be used as weapons in geopolitical conflicts. We reject this punitive tariff imposition that will have serious human consequences," said Wiranta Ginting, Deputy International Coordinator for AFWA. "Brands that profit from outsourced production cannot remain silent or passive when tariff changes trigger factory closures or mass layoffs."

To create a just and equitable global garment sector, we put forward four core principles that must serve as the baseline for reshaping global trade in the garment industry:

#### **1. Reject Weaponization of Tariffs**

Tariffs are a normal means to augment state revenue and fiscal capacity. But in the context of the global production economy, tariffs can have two other distinct goals:



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- i. Restructuring of production in the pursuit of fairness and employment opportunities for workers.
- ii. Inflicting geopolitical punitive measures on select economies.

In the first case, if tariffs could indeed shift garment production to the US and provide employment opportunities for workers there, one can possibly argue for such a shift in the interest of labor. However, there is no scenario today by which shift of garment production to the US becomes feasible. The cost of production would be so high that retail prices would put garment consumption out of the reach of consumers in the US and anywhere else in the world. Tariffs in the apparel sector in the US cannot lead to significant restoration of garment production back to the U.S. Such tariffs would only have one goal – punitive measures for opaque geopolitical goals.

AFWA rejects punitive tariffs. Tariffs cannot be weapons for handling geopolitical conflicts.

### **2. Tariff Adjustments Must Be Proportionate and Equitable**

If tariffs must be employed at all, they must be proportionate and equitable. AFWA rejects any tariff policy that distorts the existing distribution of trade in a way that favors some countries over others within the region. A disproportionate tariff structure risks destabilizing the production base in Asia. In fact, global production networks provided the opportunity to expand industrial bases in developing countries, even though it was mostly at the lower tiers of production chains with low compliance of labor rights leading to low wage employment.

The proposed tariffs will distort the global production networks as engines for inclusive and sustainable growth. Tariff structure must be proportionate to the base price of goods, ensuring that countries' current shares of the U.S. market are maintained or not drastically disturbed. Tariff policies must not be used to divide the garment workforce of Asia or provoke destructive competition between them. Workers must be united around the collective value of labor in the region and preserve trade stability.



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### 3. Redirect Tariff Revenues to Social Protection for Workers

Garment workers are paid among the lowest wages in manufacturing sectors, and Asia produces most of the clothing for the global market. Asia contains the largest working poor. With poverty level wages, women garment workers are struggling to make ends meet.

Tariffs imposed by the US government will increase their revenue. But they are also a form of taxation on global production networks and must be recognized as such. In the interest of justice, AFWA demands an equitable sharing of tariff revenue, gained by the US government through taxation of garment global supply chains. **At least 50% of tariff revenue** must be shared with the producing countries in the form of a **Social Security Fund** for garment workers. This will go a way toward minimizing the devastating impact of punitive tariffs. This fund should provide critical support in the face of layoffs, factory closures, or production shifts caused by tariff-related disruptions.

Furthermore, trade regimes should institutionalize this in bilateral agreements, and governments should play a role in creating this social security fund.

### 4. Hold Brands Accountable for Worker Compensation:

When brands withdraw from supplier factories—the fallout is immediate and devastating for workers. Entire workforces are laid off without warning or any income to fall back on. These exits are part of a recurring pattern in global garment supply chains—one in which brands insulate themselves from risk, while the consequences are pushed onto workers.

We saw this clearly during the COVID-19 crisis: brands cancelled orders overnight and abandoned supplier factories across garment production countries. Millions of workers—most of them women—were left without wages, severance, or any form of support. Tariff-induced brand exits now threaten to unleash a similar wave of harm—unless immediate safeguards are put in place.



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**No brand should exit a factory without negotiating with the Asia Brand Bargaining Group (ABBG)—AFWA's regional bargaining body.** Two scenarios may arise here:

- i. When a brand's exit results **in full factory closure**, workers must be fully compensated for their years of service and are not left to face sudden unemployment. Compensation must be timely, transparent, and aligned with national and international standards and paid by brands proportionate to their business level with supplier countries and companies.
- ii. In cases where the **closure is partial**—resulting in layoffs, reduced hours, or wage cuts—the workers must still be protected. Workers facing temporary layoffs due to reduced orders must receive compensation amounting to at least 75% of their regular wages during the entire layoff period. If these temporary layoffs become permanent, full closure compensation must also be paid.

In every scenario, the rehiring of all terminated workers is a non-negotiable condition. Brands bear direct responsibility to ensure that disruptions caused by tariff-related sourcing decisions do not become a tool to undermine unions or worker rights. Garment workers must never be treated as expendable.

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Labor must have a trade perspective to support balanced, equitable and sustainable economic and social development, and build a single front against all forms of trade injustice. Two principles of such a perspective need to be:

- i. Balanced development of industrial base among all countries,
- ii. A sustainable and equitable distribution of revenue generated from taxation of global production networks.



## **Asia Floor Wage Alliance**

We reject a global trade architecture built on exploitation, one that rewards brands with billions while pushing workers—mostly women—into poverty and debt. The time has come to rewrite the rules of global trade: one that places workers, not only wealth generation for the few, at its core. The global apparel industry must be rooted in justice, equity, and accountability.

Brands must not be allowed to profit from low-wage labor and then disappear when crisis strikes. Governments must not weaponize trade at the cost of human lives. We call on the global labor movement to rise with Asia labor movement—because when one part of the working class is attacked, the entire class is under threat. Through binding brand obligations, redistribution of trade revenues to workers, and a united front against exploitative trade, we will fight back. Anything less is betrayal. Anything less is complicity.